TELLS THE FACTS AND NAMES THE NAMES

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Melanoma Recurrence?
Is McCain Sicker Than We Know?

By Alexander Cockburn and Fred Gardner

Pat Buchanan, appearing on MSNBC's *Hardball* October 3, made a bold tactical suggestion: John McCain should come up with a medical excuse that would enable Sarah Palin to replace him in the upcoming presidential debate.

"You know what McCain ought to do?" Buchanan asked Chris Matthews rhetorically. "Get sick on Tuesday... McCain ought to get sick on Tuesday and let her go in there. The ratings would be phenomenal. It would be a roll of the dice, but do you think he can win it himself?"

This was very insensitive of Buchanan (who is no fan of McCain). Discussion of the 72-year old candidate's health status is the last thing McCain's advisors want to promote. If their man was to cancel a debate appearance, no one would believe that he was staying home with the flu. The possibility of a recurring melanoma can never be discounted.

In the past 15 years, John McCain has had four melanomas removed. The most dangerous was the one taken from his temple in 2000, classified by his doctors as an invasive melanoma, stage IIA, on a standard scale that makes stage IV the most serious. The 2000 surgery left McCain not only with a puffy jaw but also with a scar down his neck.

On May 24, 2008, doctors from the Mayo Clinic in Arizona had a phone press conference with reporters. They said that checkups disclosed McCain to be in good shape, with an excellent prognosis.

Dr. John Eckstein, McCain's primary care physician at the Mayo Clinic in Arizona, was quoted as telling journalists in a conference call: "At the present time,

COCKBURN/GARDNER CONT. ON PAGE 2

There Was an Alternative to the Bailout, but...
Heist of the Century as Parties and Candidates Click their Heels to Wall Street

By Michael Hudson

The rich always have been sore losers, and Wall Street has been holding the economy hostage, to demand the largest and most extortionate giveaway in modern history. The $700 billion is just for starters. It will not cure the bad-debt problem, because it does not even address it, except to make the Treasury the collection agent. The government simply is to replace banks and other investors in acting as their collecting agent against homeowners, student-loan debtors, auto-loan debtors and companies loaded down with junk bonds to "make the taxpayers whole."

There is an alternative, of course, and the senators and representatives who voted for Paulson's bailout knew this to be the case. On the Democratic side, Hillary Clinton published a good plan in the *Wall Street Journal* on Thursday, September 25. Her resolution to the financial and real estate crisis pointed to the way that, I think, should be taken. "

The Paulson bailout bill obliges the government to act as unforgiving creditor – as harsh as your typical IRS agent. The foreclosures will still take place; only today's mortgage holders will have exchanged their bad loans for Treasury bonds – some $700 billion of them for starters.

To stop the mortgage defaults and foreclosures, Mrs. Clinton proposed a temporary moratorium on foreclosures, a freeze on interest rate hikes for adjustable-rate mortgages, and a new Home Owners' Loan Corporation (HOLC) to buy mortgages and ease their terms to reflect going market prices and the realistic ability of homeowners to pay. "If we do not take action to address the crisis facing borrowers, we'll never solve the crisis facing lenders," she said. "And if we are going to take on the mortgage debt of storied Wall Street giants, we ought to extend the same help to struggling, middle-class families." For this to be achieved, she explained, voters and taxpayers need to act in their self-interest.

Voters reacted to the bill in unprecedented numbers that gave a majority of Congress little choice but to listen in a year where every member of the House of Representatives is up for re-election. Polls showed from two-thirds to over 90 percent of voters were highly vocal in their anger at the inequity of bailing out the top of the economic pyramid rather than its base.

As senior economic advisor to Dennis Kucinich's presidential campaign (and now to his congressional campaign as well), I am no advocate of the Clintons, much less of the Democratic Leadership Committee that acts as Wall Street's lobby within the Democratic Party. I cite Sen. Clinton's pre-vote statements simply to contrast her public image-defining stance with how she subsequently voted. Ostensibly holding their noses, she and her colleagues promptly turned around, telling voters, "I opposed the bailout before I voted for it." The pretense is that they got the Bush administration to make the bill more "voter friendly" by amending it to meet the special interests of senators and representatives, willing to shift their positions against a policy that voters would have rejected overwhelmingly if it had been put on the ballot. And, of course, they cited emergency conditions (the bailout act is known, after all, as the Emergency Economic Recovery Act, EERA).

HUDSON CONTINUED ON PAGE 4

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Sen. McCain enjoys excellent health and displays extraordinary energy. While it is impossible to predict any person's future health, today I can find no medical reason or problems that would preclude Sen. McCain from fulfilling all the duties and obligations of president of the United States."

Eckstein's full report, released a day earlier by the Mayo Clinic, stated:

"Regarding his past skin issues, the Senator has received skin care at Mayo Clinic in Arizona since August 2000. Four malignant melanomas were surgically removed in the past. Three of these were 'in situ' melanomas, meaning they were limited to the top layers of the skin and were not invasive. These three early melanomas on his left shoulder, left arm and left nasal sidewall, were removed in 1993, 2000 and 2002, respectively. A fourth melanoma that was invasive was removed from his left lower temple in 2000.

"Each melanoma was a new primary melanoma and did not represent a recurrence of any previous melanoma. There was and is no evidence of recurrence or metastasis, meaning spread of the invasive melanoma nearly eight years after surgery. Other less serious skin cancers have been removed over the years without complication. These have been non-melanoma basal cell and squamous cell cancers.

"Many questions have been asked about the removal of the invasive melanoma from Senator McCain's left lower temple in August 2000… To summarize, we continue to find no evidence of metastasis or recurrence of the invasive melanoma as we approach the eighth anniversary of that operation. This was most recently confirmed with his comprehensive examination and tests in March 2008 and with Dr. Connolly's skin examination on May 12, 2008. The prognosis for Senator McCain is good because the time of greatest risk for recurrence of invasive melanoma is within the first few years after the surgery."

"So here it is. John McCain recently was diagnosed with a melanoma recurrence, with a metastasis to the lymph node, in his latest, most recent cancer checkup, which took place at John Wayne Cancer Institute in California."

The press conference received relatively upbeat treatment. The *New York Times*' medical correspondent, Dr. Lawrence Altman, sharing a byline with Elisabeth Bumiller, informed readers the next day, May 24, 2008:

"Sen. John McCain, 71, is in excellent health and shows no evidence of the recurrence of the melanoma skin cancer that led to extensive head and neck surgery in 2000, McCain's doctors said Friday."

The McCain campaign had just allowed three-hour access by a group of reporters to 1,173 pages of medical records. They were not allowed to make any copies or take any of the materials out of the room. Reporters did note that two pathologists at the Armed Forces Institute of Pathology who examined the melanoma specimen from McCain's left temple in 2000 suggested there were two melanomas on his temple, not one, as his doctors had said publicly at the time.

"Two experts in the field, who reviewed the report," wrote Altman and Bumiller "said it was unclear whether the melanoma on McCain's temple had metastasized from another, or whether there was one new primary melanoma. If the spread was through the nearby melanoma, then there is greater risk to McCain than the public has been led to believe, said Dr. Lynn Schuchter, a melanoma expert at the University of Pennsylvania, and Dr. Mohammed Kashani-Sabet, director of the Melanoma Center at UC San Francisco."

For stage IIA melanoma, the survival rate 10 years after diagnosis is about 65 per cent. But the outlook is much better, as McCain's doctors noted, for patients who have already survived more than seven years.

Dr. Suzanne Connolly, McCain's dermatologist at the Mayo Clinic, told reporters that there was "no crystal ball to predict with certainty" if McCain's cancer would return, but she put the chance at less than 10 per cent at this stage in his life."

Allegation of a Metastasis

On September 20, 2008, *CounterPunch* was contacted by a reader in Washington, D.C., reporting conversations pointing to a dramatic, recent worsening in McCan's medical condition and prognosis.

Though pressed by *CounterPunch,* the reader insists on remaining anonymous. Over the course of several exchanges with our reader, we can report the following. A senior official in the National Institutes of Health, well known to our reader, has confided to her that in an informal conversation with a doctor in a California hospital the official had learned that there had been a metastasis of McCain's melanoma, and that this had come to light in a checkup in the past few weeks.

Urged to reconfirm this news and to provide further details, our reader pressed the NIH official for more details and reported back to us on September 26 that she had "asked our NIH contact to verify the details." The official "decided this was important, and contacted the doctor friend to get what info she could. So here it is. John McCain recently was diagnosed with a melanoma recurrence, with a metastasis to the lymph node, in his latest, most recent cancer checkup, which took place at John Wayne Cancer

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Institute in California."

Attempting to confirm this intelligence, *CounterPunch* contacted four physicians, none of whom want to be identified. Two remarked the subsidence of swelling in McCain's left jaw in recent months. A UC San Francisco cancer specialist said, "It looked to me like he had something going on in his left jaw for a long time, and then it appeared much less puffy in the last few months. My theory was that he had gotten some radiation therapy. It was way pooched out compared to what it is now. He used to not show his left side on camera. And then he appeared to be going head-on. So my guess was that he had had some radiation."

An East Coast oncologist said of John Wayne Cancer Institute in Santa Monica, California, "That would be the place he'd go because the world's expert surgeon for melanoma, Donald Morton, is there." Dr. Morton, while head of surgical oncology at UCLA, developed a technique that minimizes the number of lymph nodes that must be removed during biopsies.

A Los Angeles radiologist put the question of McCain being treated directly to two colleagues at John Wayne. "They said 'no,' but I had the strong impression they weren't being forthright. I've known these guys 30 years and I sensed from their tone that they weren't leveling with me."

(We do find an online report that McCain was in California for a dermatological checkup on July 28, 2008.)

Privacy laws and medical ethics prevent McCain's doctors or John Wayne Cancer Institute from making any official comment unauthorized by their patient.

Historical Precedents for Cover-Up

In 1992, Paul Tsongas, formerly a U.S. senator from Massachusetts, ran for the Democratic presidential nomination. For a while, he was regarded as the frontrunner and won the New Hampshire primary, putting Bill Clinton into second place. He had retired from the U.S. Senate in 1984, announcing that he was fighting non-Hodgkins lymphoma and, therefore, the possibility of a recurrence became a serious political issue in 1992.

Here's a story by. Dr Lawrence Altman – then, as now, the *New York Times*' medical correspondent – published March 5, 1992, under the headline, "Doctors say Cancer Therapy Has Tsongas in Good Health":

"More than five years after undergoing an experimental treatment for cancer, Paul E. Tsongas is in good health and, if elected president, the Democratic candidate has a favorable prognosis for serving out his term, his doctors say... 'There was no hint of a problem,' said Dr. Tak Takvorian, a lymphoma expert at the Dana-Farber Cancer Institute in Boston, a leading cancer center. Dr. Takvorian is Mr. Tsongas's doctor and spoke in an extensive interview with his patient's permission.'"

A Los Angeles radiologist put the question directly to two colleagues at John Wayne. "They said 'no,' but I had the strong impression they weren't being forthright. I've known these guys 30 years and I sensed from their tone that they weren't leveling with me."

Altman did alert his readers to the fact that Tsongas' treatment was new and so there were no statistics on a relapse rate. Tsongas acknowledged the possibility of a relapse, but said, "If it ever came back, it is inconceivable in my mind that I could not function through the first term."

In the event, the cancer did come back, and Tsongas died of pneumonia and liver failure on January 18, 1998, two days before Clinton's second inauguration.

The actual health of a presidential candidate, let alone a president, usually remains secluded from journalistic inquiry. Often the press is complicit in such cover-ups.

Examples in American history, so well known that they are probably part of the new test for citizenship, include President Wilson's secret status as a stricken stroke victim, with his wife dispensing his supposed orders; the rapid decline of FDR in his final months; candidate and then president Jack Kennedy's severely compromised physical condition, held secret till after his death.

We know now that Ronald Reagan was well into the foothills of senile dementia in his second term and his aides were secretly debating whether to activate the stipulations of the 25th Amendment and lead him away. At the time, members of the White House press corps were coy about alerting the public to the fact that the commander in chief was not firing evenly on all cylinders. To be fair, Reagan evinced confusion for many years, so it may have been hard to judge when he had conclusively retreated from the real world.

The 25th Amendment to the Constitution states that in the event a president is disabled, he can turn over power voluntarily to the veep. If he won't admit to being disabled, but his entourage thinks he cannot function properly, the vice president, with the assent of a majority of the leading members of the cabinet, may make himself or herself acting president on a temporary basis.

In July 1985, President Ronald Reagan underwent an operation to remove a cancerous tissue from his colon. In anticipation of his operation, which required him to be anesthetized, President Reagan sent a letter to the speaker of the House of Representatives and to the president pro tem of the Senate, notifying them that he was turning over the powers of the presidency to Vice President George Herbert Walker Bush, but President Reagan expressly indicated that he was not invoking the 25th amendment and, eight hours after he issued that letter, he rescinded it.

If he knew his advancing Alzheimer's condition, it's possible that Reagan, no doubt with the support of Nancy, was worried that Vice President Bush was eyeing the provisions of the 25th Amendment with keen interest and, therefore, made it clear that he was not invoking it.

On June 28, 2002, scheduled to have a colonoscopy the next day, President George Bush Jr. said that while he was under sedation during the procedure, he would turn over power to Vice President Cheney. He didn't allow much time for Cheney to consolidate power, declare martial law and start the Third World War. He said Cheney would have presidential powers for exactly one hour. **CP**

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HUDSON CONTINUED FROM PAGE 1

Mrs. Clinton's *Wall Street Journal* article revealed how clearly she and her colleagues knew that what they were doing was bad for the economy, and how much they acted against the principles that they ostensibly upheld. But then the Senate Democrats, with presidential candidate Barack Obama and vice presidential candidate Joseph Biden in the vanguard, stampeded in favor of the Bush-Paulson bailout.

It was the most conservative Republicans who opposed the giveaway most strongly. Coming out of the White House meeting of Republican leaders on Friday, Sept. 26, Rep. John Boehner of Ohio proposed an alternative that would recover from the banking system much of the giveaway's cost. He suggested a bank insurance plan that would advance from $250 to $700 billion to a new bank insurance agency, to be funded with insurance premiums reflecting the costs and risks of bailing out the bad gambles that banks have taken. According to his free market logic, if banks want to press for deregulation and take risks hoping to get rich by burdening the economy with an exponentially growing debt overhead – a burden that is now proving to be uncollectible – fine. Simply oblige them to pay the costs of putting the economy at risk, based on the government's need to avoid socializing the losses while privatizing the profits.

Endorsed by conservative Republicans, Mr. Boehner's plan was a logical way to address the creditor side of the problem as a complement to Sen. Clinton's proposal to clean up the debtor side. It leaves to the government the task of taking over bad subprime loans and renegotiating them down to what market prices and incomes justify.

John McCain was at the White House meeting but is reported to have said little or nothing. But in view of the fact that a reported two-thirds to nine-tenths of voters opposed the bill, this was his big chance to step forward. He had a chance to say that, as a maverick and man of principle, he was coming to Washington to rescue America from insiders in both parties.

The Paulson bailout bill obliges the government to act as unforgiving creditor – as harsh as your typical IRS agent. The foreclosures will still take place.

This would have stolen the show. To be sure, it probably also would have steered a fresh tidal wave of Wall Street contributions to Obama. But McCain might have ridden the populist tide. Instead, he chose to commit political suicide in the first debate, September 26, by coming out strongly in favor of the Paulson plan.

In the first debate, both Obama and McCain did everything they could to avoid telling voters about their support for the bailout bill.

McCain might have pointed out that, when Obama bragged about acting in a bipartisan way to help resolve the crisis by arranging the $700 billion bailout for Wall Street, his idea of "bipartisan" was for both parties to rely on the bankers and real estate moguls who were the major political campaign contributors to both parties. He could have said that he, McCain, was running to represent the people, not the vested interests. But, instead, he broke from the Republican opposition to back the Bush plan, going so far as to say on CNN that it's not a bailout. "Let's call it a rescue. It's a rescue of Main Street America." Most voters know that it is no such thing, proving that economics is, indeed, not Mr. McCain's long suit.

For his part, Obama said that the bailout plan was regrettable but necessary, and he referred to the stock market drop after the House vote. "While that decline was devastating, the consequences of the credit crisis that caused it will be even worse if we do not act now," he said, reflecting the views of his financial advisor, Clinton's former Treasury Secretary Robert Rubin (like Henry Paulson, also from Goldman Sachs).

So, here's where we stand. This election rightly should be fought over the most important restructuring of the economy since the 1930s, creating the equivalent of 700 new billionaires who made their money essentially by gambling against other financial speculators. Both presidential candidates are taking a position against the population at large. Either could gain the advantage with a knockout blow, but neither is opposing the plan.

Yet another plan that neither party has acknowledged is that of Warren Buffett, along the lines of the $5 billion deal he struck with Paulson's firm, Goldman Sachs, in the week of the debate. His plan was that the government should do just what he did and take ownership of institutions that it rescued. This would effectively nationalize the banks, much as Britain recently did with Northern Trust. Other European governments also are moving to take over banks that go bust (often for putting their trust and money in the hands of American money managers).

Then there is the real free-market alternative. The way financial markets work is to write down mortgages and other debt claims to what they actually are worth – namely, the amount that actually can be paid. Writing down the value of bank holdings would make it possible to write down the mortgages and other debts owed by homeowners and others to more affordable levels. But no politician is suggesting this. Their silence shows that the free-market rhetoric they like to cite is simply a nice patter talk to denounce

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government as taxer and planner steering the economy.

What Wall Street's financial insiders really have been playing for is time to sell out and move as much money abroad as they can before the dollar plunges further. Anything that the government pays over and above the 22 cents on the dollar – that Merrill Lynch sold its collateralized debt obligations (CDOs) for will be viewed as a free lunch. The bailout bill promises to yield more than Bear Stearns, AIG or Lehman Brothers got – all under the pretense that this will "free up credit" for new lending. But who will lend to companies, homeowners and individuals, already "loaned up" with no more disposable income to spare for interest charges, while the economy shrinks?

The $700 billion giveaway does not even address what debtors owe. It will give money to financial institutions that are likely to channel a rising flow of investment abroad, as they can see the debt deflation clearer than most other observers. Giving a free lunch to bankers will not lead to more credit. Two economists recently reported in the *Wall Street Journal* that calculations "based on deeds and Census data suggest that the total amount of negative equity for all owner-occupied houses is $593 billion." No bank will lend more money to the five to eight million homeowners, already reported to be in arrears. The problem is not a liquidity problem at all. The problem is that the debt burden exceeds the ability to pay and the collateral backing this debt exceeds the going market price.

In the end, the market constraints on the economy's ability to pay will dictate a debt write-down. There really is no alternative to this. The question is whether it will occur only after a wave of foreclosures on, perhaps, ten million homeowners facing loss of their homes and after industrial corporations, cities and many other families go bankrupt and have their assets stripped. The longer the present wave of debt continues to rise, the more the economy will polarize.

American democracy won a great victory on September 29. Then came collapse. The $700 billion bailout is only a first step. (Not really the first. The Federal Reserve already had swapped half a trillion dollars worth of new Treasury bonds for junk mortgages and other bad debts held by banks and other major Republican Party contributors.)

But Wall Street mobilized its forces and provided what politicians call a Christmas tree of additions, to win approval from members of Congress with special interests and pet causes. There are new tax giveaways to the moderately rich in the form of tax breaks and higher bank deposit insurance. But the population's bottom 90 per cent will remain in debt to the top 10 percent. No bailout for them!

The stock market plunge that followed that first Congressional rejection of the bailout was cited as a sign of the crisis, allegedly dragging the entire economy down if the giveaway was not approved. The reality was that Wall Street held the economy up for ransom, threatening to wreck it if it did not get its way.

Both Obama, the Democrat, and McCain, the Republican, have taken a position against the population at large. Either could gain the advantage with a knockout blow, but neither is opposing the plan.

That was the stick. The carrot is that giving more money to Wall Street will help revive stock market prices – and hence will help pension funds grow able to repay retirees what they have been promised, as well as helping the proverbial middle-class investor.

It is all a bluff. If the Bush administration's heart beats for pensioners, why not bail out the Pension Benefit Guarantee Corporation's resources? The PBGC is reported to be about $25 billion behind. But there is no promise to save it.

Why not bail out Social Security? The Democrats and Republicans prefer to turn it over to the likes of Bear Stearns, Lehman Brothers and Merrill Lynch, all now gone. Can they ever again be believed when they say that there is no money for Social Security or even public health care after this giveaway? Why not use the money to create a national health plan to save American families from going deeply into debt and even falling into bankruptcy to pay for medical expenses?

Nobody seems to be asking why it would be so bad for housing prices to come down to more affordable levels. Was the economy really "creating wealth" by inflating real estate prices on credit? And are Paulson and Barney Frank being reasonable when they say that the solution to today's mortgage debt crisis is to create yet *more* debt (in the form of new bank credit) to re-inflate property markets? Can we really expect to go back to that world voluntarily?

The logical economic policy is to write down the overhang of junk mortgages to market prices and a level that can be afforded. This is how matters will end up. They always do. Once the creditors write down their claims to realistic levels, it becomes much easier to follow suit and write down the debts owed by strapped homeowners. No doubt, many will still pay as much as 40 per cent of their income on carrying their mortgage. But market prices will settle at more affordable levels.

But someone will have to bear the cost of the Bubble's bursting. Who will absorb the loss that Negative Equity represents? Will it be creditors or debtors? Will the great beneficiaries be banks and mortgage brokerage firms that got rich off predatory lending and made irresponsible and often fraudulent loans? Will it be the Wall Street mortgage packagers that sold these loans at fictitiously high prices to gullible buyers who trusted them? Or will politicians rescue the economy from debt deflation – and gain the support of most voters in the process?

False promises are being made. Paulson has promised that the "taxpayer" may actually gain. If this really is the case, then the government will have to act as the foreclosing creditor and enforce the original harsh terms of the mortgage. It will demand payment of mortgages as much as 30 per cent in excess of the current market price, and will demand exploding adjustable-rate mortgages on hapless homeowners, put into these mortgages by venal and corrupt mortgage brokers and institutions such as Countrywide Financial and Washington Mutual, under indictment by attorneys general throughout the United States for fraudulent behavior and extortionate practices.

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Another false promise made by the Paulson plan is that, in five years, the government will ask Wall Street to begin paying back the bailout money. By then, of course, many politicians will have left office and many of today's financial managers will have collected their salaries and golden parachutes and left the cupboard bare.

Most seriously, the Treasury is to take on the role of predatory mortgage lender – having made the bad loans whole. Instead of representing the public interest – in this case, the principles of economic reality in writing down debts to realistic values, freeing debtors from peonage to commercial bankers – the Treasury will act as debt enforcer. The $700 billion in bad subprime mortgage debt will remain on the books. The banks ostensibly will owe an equivalent $700 billion to the government for the loans it has swapped for Treasury bills.

The Bush administration tried to panic voters into believing that there was no alternative. The cover story, repeated by Barney Frank daily, was that we needed to act quickly in order to prevent a credit crash that would bring down markets further and dry up bank credit. Indeed, Democrats supported the giveaway more vocally than Republicans. No wonder Congress, with its 15 per cent approval rating, is despised even more than President Bush, with his 22 per cent rating. He stole the election, but Congress actually was elected with relative fairness to represent the interests of its constituents. It has not done this, certainly not in voting for the bailout bill. And what rarely is reported is that financial business leaders have an even lower approval rating (10 per cent).

How many politicians realize that there is no profit for "taxpayers" to make on this giveaway? How many of these Representatives and Senators will actually be held accountable, compared to the feast of Wall Street campaign contributions that now will be directed their way?

The coming debt cancellations

President Roosevelt said that nothing in politics is accidental. Not even seeming incompetence or a failure to understand, as we are seeing in Congress today. Junk economics is politically sponsored by the vested interests, as was the junk bonding and junk mortgaging of America. The public realizes much more than politicians have acknowledged that Wall Street has screwed up. Its business model is unworkable. The mathematics of compound interest makes it unsustainable, with no chance of working over the long run. But in the short run, there were too many financial beneficiaries to resist the flood of campaign contributions and lobbying money to support a more sustainable alternative. Voters are not being given a chance to decide whether or not to accept the Paulson plan. Both Obama and McCain voted Aye. Whoever comes to office next January will inherit a Treasury, burdened with the sudden jump in the national debt that the Bailout Bonds represent, as they are handed over to Washington's leading campaign contributors. **CP**

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